

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 DOE-15 H-02 INR-10 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-05 ICA-20 OES-07 SP-02

SS-15 STR-07 TRSE-00 ACDA-12 /138 W

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 3313

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E.O. 11652: N/A

TAGS: ENRG, ECON, IT

SUBJECT: ELECTRIC POWER RATES INCREASE

FOLLOWING CIPE (INTERMINISTERIAL COMMITTEE FOR ECONOMIC PLANNING) DIRECTIVES UNDER THE NATIONAL ENERGY PLAN (NEP) OF DECEMBER 1977, THE GOVERNMENT AUTHORIZED ON MAY 29, 1978 THE INTERMINISTERIAL PRICE COMMITTEE (CIP) TO INCREASE ELECTRIC POWER RATES BY 16 0/0 EFFECTIVE JUNE 1 AND JULY 1, 1978 FOR END USERS BILLED MONTHLY OR QUARTERLY RESPECTIVELY.

WITH THIS INCREASE, ENEL, THE STATE ELECTRIC POWER AGENCY, SHOULD REALIZE ON AN ANNUAL BASIS AN ADDITIONAL 630 BILLION LIRE AND THEREBY REDUCE ITS SIZEABLE DEFICIT (730 BILLION LIRE IN 1976 AND 750 BILLION LIRE IN 1977). THIS ADJUSTMENT OF POWER RATES IS THE FIRST INCREASE UNDER THE NEP IN AN ATTEMPT TO BALANCE THE COST AND THE PRICE OF ELECTRICAL POWER AND ENABLE ENEL TO REMEDY ITS FINANCIAL SITUATION. ANOTHER 14 0/0 INCREASE WILL PROBABLY FOLLOW BEFORE THE END OF 1978. IF NEP DIRECTIVES ARE FULLY FOLLOWED, ANNUAL 6 PERCENT ADJUSTMENTS IN ELECTRIC POWER RATES WILL BE APPLIED IN THE PERIOD 1979-1981.

THE RATE ADJUSTMENT WILL EVENTUALLY BE APPLIED

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(BY DECEMBER 31, 1978) TO ALL END USERS INCLUDING THOSE LOW INCOME CUSTOMERS FALLING INTO THE "SOCIAL CATEGORY" (WHICH INCLUDES HOUSEHOLD CONTRACTS WITH A MAXIMUM 3 KW INSTALLED AND A MAXIMUM MONTHLY CONSUMPTION OF 150 KWH). THESE CUSTOMERS CURRENTLY RECEIVE A SUBSIDIZED RATE WHICH FAILS TO COVER THE COSTS OF PROVIDING ELECTRICITY. ACCORDING TO ENEL, THIS CATEGORY NOW COVERS 94 0/0 OF TOTAL HOUSEHOLD

CONTRACTS AND CAUSED LOSSES OF OVER 500 BILLION LIRE IN 1977.
ENEL HAS BEEN PRESSING THE GOVERNMENT TO ABOLISH, OR AT LEAST
REDUCE, THE CATEGORY OF LOW INCOME CONSUMERS, TO COVER ONLY
THOSE WHO USE A MAXIMUM 1.5 KW INSTALLED METERS.HOLMES

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Message Attributes

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Disposition Approved on Date:
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DIRECTIVES UNDER THE NATIONAL ENERGY PLA
TAGS: ENRG, ECON, IT
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